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PR electronics A/S

Lerbakken 10
8410 Rønde
CVR No. 73438411

Annual report 01.07.2023 - 30.06.2024

The Annual General Meeting adopted the annual report on 22.10.2024

George Benjamin Mitchel
Chairman of the General Meeting

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Entity details

Entity
PR electronics A/S
Lerbakken 10
8410 Rønde

Business Registration No.: 73438411
Registered office: Syddjurs
Financial year: 01.07.2023 - 30.06.2024

Board of Directors
Johnny Pedersen
Andreas Færk
Simon Bisbo
George Benjamin Mitchell

Executive Board
Stig Alnøe Lindemann
Simon Bisbo

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of PR electronics A/S for the financial year 01.07.2023 - 30.06.2024.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2024 and of the results of its operations for the financial year 01.07.2023 - 30.06.2024.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Rønde, 22.10.2024

Executive Board

Stig Alnøe Lindemann

Simon Bisbo

Board of Directors

Johnny Pedersen

Andreas Færk

Simon Bisbo

George Benjamin Mitchell

Independent auditor's report

To the shareholders of PR electronics A/S

Opinion

We have audited the financial statements of PR electronics A/S for the financial year 01.07.2023 - 30.06.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2024 and of the results of its operations for the financial year 01.07.2023 - 30.06.2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aarhus, 22.10.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Morten Gade Steinmetz
State Authorised Public Accountant
Identification No (MNE) mne34145

Jonas Thøstesen Svensson
State Authorised Public Accountant
Identification No (MNE) mne47824

Management commentary

Financial highlights

	2023/24 DKK'000	2022/23 DKK'000	2021/22 DKK'000	2020/21 DKK'000	2019/20 DKK'000
Key figures					
Revenue	357,358	380,238	281,359	259,268	252,716
Gross profit/loss	222,995	229,616	146,714	158,984	149,530
Operating profit/loss	100,861	116,432	48,081	59,036	46,756
Net financials	571	(1,433)	(1,859)	480	(792)
Profit/loss for the year	84,321	94,757	41,063	51,803	41,080
Total assets	390,733	384,262	330,825	288,778	284,683
Investments in property, plant and equipment	11,407	16,710	9,645	5,703	5,702
Equity	305,631	280,545	186,737	196,857	184,753
Investments in intangible assets	12,267	4,773	3,563	5,564	7,560
Average number of employees	155	139	124	130	133
Ratios					
Return on equity (%)	28.77	40.56	21.41	27.15	22.92
Equity ratio (%)	78.22	73.01	56.45	68.17	64.90

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$$

Equity ratio (%):

$$\frac{\text{Equity} * 100}{\text{Total assets}}$$

Primary activities

The company develops, produces, and sells electronic components. Development and production take place in the company, whereas the company's products are sold through its foreign sales subsidiaries and independent distributors as well as from the company directly.

Development in activities and finances

Revenue for the year amounts to DKK 357,358k against DKK 380,238k last year, which corresponds to a decrease of 6%.

Other external expenses and staff costs increased combined by 17.4% reflecting mainly a higher number of employees and higher sales and marketing activities, partly offset by higher capitalization of wages in R&D.

The profit for the year decreased from DKK 94,757k in 2022/2023 to DKK 84,321k in 2023/2024. The decrease in profit for the year mainly reflects lower revenue and higher other external expenses and staff costs, partly offset by higher product profit margins reflecting improved access to raw materials.

Profit/loss for the year in relation to expected developments

The profit for the year is regarded as satisfactory. The Group constantly takes steps and adjusts to ensure that its strategy plan for growth in revenue and profitability is met.

Outlook

Founded in a continuously wider high-quality product range, increased activities to create market awareness and a larger sales force, the company expects to continue its growth path. Increased profitability is expected through continued optimization of the company's internal value chains, including purchasing and production optimizations.

The company expects revenue to grow by 0-15% in 2024/2025 with an unchanged margin on profit before tax.

Research and development activities

Research and development activities are carried out in PR electronics A/S. The activities primarily comprise development of modules for electronic signal conditioning and related products.

Approx. 9.4% of revenue for the year is spent on research and development activities of which DKK 12.3m has been recognized under intangible assets.

For the next financial year, the company expects that resources used for research and development activities will increase to more than 10% of revenue.

Other Matters

The company is strongly focused on financial management, including continuous assessment and hedging of the company's trading risks and financial risks, etc.

Business risks

The markets, in which the company operates, are mainly product-driven. Therefore, the company's efforts in the research and development area contribute to securing the company's long-term market position. Consequently, it is important to retain and further enhance the company's innovative potential and to be able to attract the best-qualified candidates.

Product risks mainly relate to delays in launch of new products. The company has focus on all parts of the product development and launch processes to minimize this risk. The company's supply chain is constantly monitored, and policies ensure availability of minimum inventory levels to avoid adverse consequences of short and medium-term interruptions of the supply chain. Finally, significant resources are spent to protect inventions through patents and the company continuously develop and maintain its competences in this area.

Financial risks
As a result of its operations, investments and financing, the company is exposed to changes in exchange rates and interest levels. The company manages the financial risks centrally and has a central coordination of the company's cash management, including capital procurement and investment of excess liquidity.

Foreign exchange risks
Foreign exchange risks are primarily hedged by means of matching of payments received and made in the same currency and by means of forward exchange contracts.

Credit risks
Credit risks related to financial assets correspond to the values recognized in the balance sheet. The company does not have any material risks relating to a single customer or cooperative partner. According to the company's policy for assuming credit risks, all major customers and other cooperative partners are credit rated on an ongoing basis.

According to the company's policy, capital procurement as well as investment of surplus liquidity shall be managed centrally by PR electronics A/S.

Interest risks
It is the company's policy to hedge interest rate risks on loans if it is assessed that such interest payments can be ensured at a satisfactory level compared to the related costs. At present, the company has limited debt compared to its activity level.

Liquidity risks
The company has policies stipulating availability of minimum cash resources, which the company must have at its disposal at any time.

Management and employees
The average number of employees (converted into full-time employees) was 155 in 2023/2024 (139 in 2022/2023).

Knowledge resources
The company's strategic objective of continued growth in revenue and profit requires maintenance of a high level of innovation through a flexible and knowledge-based organization. This is a sustained process, which is facilitated through the implementation of educational plans, encouragement to cooperation and by inspiring employees to take responsibility.

Maintenance of the company's leading technology edge requires core competencies amongst others within effective project management, hardware design of analogue and digital electronics, design of solid and high-efficient embedded software as well as development of advanced signal conditioning algorithms. Furthermore, outstanding product quality and productivity of new products requires core competencies within development of high-precision calibration equipment and end test equipment with high production efficiency.

To maintain a leading edge in the development of new innovative technologies and products, the company cooperates with several external consultants as well as design and development companies.

Statutory report on corporate social responsibility

The company has focus on corporate social responsibility in relation to its activities and the following section describes policies, activities and results in relation hereto. Our business model is described in the section “Primary activities” above.

Environmental performance

The risk of negative impact on the external environment is low for the company as only small quantities of dangerous substances is used in the production process. The company is certified according to the DS/EN ISO 14001:2015 standard and has continuous focus on minimizing its environmental footprint. Specifically, the standard is used in setting procedures for daily work routines, and therefore new and existing employees are constantly made aware of and trained to live up to the specified standard.

Management concludes that the company’s activities have contributed to minimizing its impact on environment as well as the climate in general in the fiscal year 2023/2024, and the company will continue to improve its environmental footprint in 2024/2025.

Health and safety at work

The company takes responsibility for the working environment and focus on the health of its employees. Therefore, the company is focusing on any potential risks related to work-related accidents and the employee’s general wellbeing. The working environment complies with the highest national standards, and the company focuses on being a healthy workplace for the well-being of its employees.

Health and safety at work is closely monitored amongst others through health and safety related questions in the yearly employee satisfactory survey as well as real time recording of work-related accidents and near-accidents.

Management concludes that the company’s activities have contributed to maintaining a work environment compliant with the highest national standards in the fiscal year 2023/2024, and the company will strive to maintain the highest national standards also in 2024/2025.

Society & Human rights

The company consents with the 10 UN Global Compact Principles in its day-to-day business operations and has particular focus on maintaining compliance with human rights and labor rights and hereby mitigating any risk of employees feeling discriminated or not treated equally. The company has a zero tolerance in relation to discrimination of employees and any breaches concerning human and labor rights. To ensure focus amongst employees, the policy is part of the employee handbook, which has been distributed to all employees.

During fiscal year 2023/2024, the management is not aware of any breaches of human rights within the company or among its external stakeholders. The company will in the next financial year continue with a high level of activities to secure a satisfying result of the employee surveys and ensure protection of human rights.

Anti-corruption & Bribery

The company does not operate in businesses and markets where corruption and bribery are considered a major risk but as part of the company’s overall approach to CSR, a code of conduct and anti-corruption policies are in place.

The company has a zero tolerance in relation to corruption and bribery and has strong values and a shared vision of professional business acumen. Additionally, internal controls and implemented authority matrix aim at ensuring and enhancing adherence.

Furthermore, the company's Code of Conduct policy is an integrated part of the employee handbook and employees are made aware through their introductory training which also includes a Code of Conduct test and the employee's signature on the Code of Conduct to certify adherence. Similar Code of Conduct programs are in place in relation to suppliers.

During the fiscal year 2023/2024, the management is not aware of any breaches regarding corruption and bribery within the company or among its external stakeholders. This is also the target for next financial year, which is expected to be achieved through a continuation of training programs and awareness campaigns.

Statutory report on the underrepresented gender

	2023/24
Supreme management body	
Total number of members	4
Underrepresented gender (%)	0.00
Target figures (%)	25.00
Year of expected achievement of target figures	2026

The company has always and will also in the future strive to recruit the most competent and best suited human capital for any position irrespective of gender. Currently, the generally elected members of the board consist of four male members. The company has set a target of 1 female member of the generally elected members of the board by 2026. The target was not achieved in the financial year.

	2023/24
Other management levels	
Total number of members	12
Underrepresented gender (%)	25.00
Target figures (%)	40.00
Year of expected achievement of target figures	2026

In the fiscal year 2023/2024, 25% of the members of the company's executive management and enhanced executive management team belongs to the underrepresented gender, which is slightly below target of 40%. The policy for reaching equal gender representation in management is that the company will strive to recruit the most competent and best suited humancapital for any position irrespective of gender. In practice this means that when recruiting for management positions we strive to have candidates of both genders.

Statutory report on data ethics policy

The company has updated all relevant policies, including employee and data privacy policies, to ensure compliance with the GDPR regulations introduced in 2018. The company has appointed a GDPR responsible individual per main GDPR area as well as a company-wide GDPR responsible person embedded with the task to maintain our company-wide GDPR documentations and compliance and to perform internal reviews. We have provided training to our employees – based on a risk-based approach – to ensure awareness and compliance with GDPR in their day-to-day work and on what actions are required in case a breach of sensitive data is detected.

During 2023/24, we have developed and implemented a Data Ethics Policy in accordance with the Danish Financial Statements Act § 99d ("Redegørelse for politik for dataetik, jf. årsregnskabslovens § 99 d"). The policy stipulates how we collect, process, use, share and delete data, and is accessible on the company’s homepage, www.prelectronics.com

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2023/24

	Notes	2023/24 DKK'000	2022/23 DKK '000
Revenue	2	357,358	380,238
Own work capitalised		12,581	4,914
Other operating income		1,661	855
Costs of raw materials and consumables		(97,076)	(116,269)
Other external expenses	3	(51,529)	(40,122)
Gross profit/loss		**222,995**	**229,616**
Staff costs	4	(100,223)	(89,154)
Depreciation, amortisation and impairment losses	5	(21,911)	(24,030)
Operating profit/loss		**100,861**	**116,432**
Income from investments in group enterprises		4,995	4,492
Other financial income	6	1,325	429
Other financial expenses	7	(754)	(1,862)
Profit/loss before tax		**106,427**	**119,491**
Tax on profit/loss for the year	8	(22,106)	(24,734)
Profit/loss for the year	9	**84,321**	**94,757**

Balance sheet at 30.06.2024

Assets

	Notes	2023/24 DKK'000	2022/23 DKK'000
Completed development projects	11	6,781	17,639
Acquired patents		760	1,021
Development projects in progress	11	22,370	10,126
Intangible assets	10	**29,911**	**28,786**
Land and buildings		65,269	66,966
Plant and machinery		28,958	27,968
Other fixtures and fittings, tools and equipment		3,231	1,886
Property, plant and equipment	12	**97,458**	**96,820**
Investments in group enterprises		45,086	36,238
Deposits		121	23
Financial assets	13	**45,207**	**36,261**
Fixed assets		**172,576**	**161,867**
Raw materials and consumables		82,172	97,791
Work in progress		11,246	13,277
Manufactured goods and goods for resale		6,711	6,830
Inventories		**100,129**	**117,898**
Trade receivables		29,850	28,563
Receivables from group enterprises		54,957	48,522
Other receivables		13,582	8,077
Prepayments	14	3,414	3,977
Receivables		**101,803**	**89,139**
Other investments		55	52
Other investments		**55**	**52**

Cash	**16,170**	**15,306**
Current assets	**218,157**	**222,395**
Assets	**390,733**	**384,262**

Equity and liabilities

	Notes	2023/24 DKK'000	2022/23 DKK'000
Contributed capital		1,248	1,248
Reserve for development expenditure		22,738	21,657
Retained earnings		151,145	197,940
Proposed dividend		130,500	59,700
Equity		**305,631**	**280,545**
Deferred tax	15	15,635	14,496
Provisions		**15,635**	**14,496**
Mortgage debt		7,392	9,049
Non-current liabilities other than provisions	16	**7,392**	**9,049**
Current portion of non-current liabilities other than provisions	16	1,742	1,745
Bank loans		0	1,198
Prepayments received from customers		958	0
Trade payables		25,647	36,408
Tax payable		18,138	23,964
Other payables	17	15,424	15,914
Deferred income	18	166	943
Current liabilities other than provisions		**62,075**	**80,172**
Liabilities other than provisions		**69,467**	**89,221**
Equity and liabilities		**390,733**	**384,262**
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	19		
Contingent liabilities	20		
Group relations	21		

Statement of changes in equity for 2023/24

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	1,248	21,657	197,940	59,700	280,545
Ordinary dividend paid	0	0	0	(59,700)	(59,700)
Exchange rate adjustments	0	0	465	0	465
Transfer to reserves	0	1,081	(1,081)	0	0
Profit/loss for the year	0	0	(46,179)	130,500	84,321
Equity end of year	**1,248**	**22,738**	**151,145**	**130,500**	**305,631**

Notes

1 Events after the balance sheet date

No events have occured after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Revenue

	2023/24 DKK'000	2022/23 DKK'000
Denmark	34,313	41,326
Other EU-countries	173,446	184,700
Other countries	149,599	154,212
Total revenue by geographical market	**357,358**	**380,238**

All revenue relates to sale of electronics components. There are no separate business segments in terms of risk and return.

3 Fees to the auditor appointed by the Annual General Meeting

	2023/24 DKK'000	2022/23 DKK'000
Statutory audit services	195	150
Other assurance engagements	240	155
	435	**305**

4 Staff costs

	2023/24 DKK'000	2022/23 DKK'000
Wages and salaries	91,520	81,985
Pension costs	7,002	5,688
Other social security costs	1,701	1,481
	100,223	**89,154**

Average number of full-time employees	**155**	**139**

	Remuneration of Management 2023/24 DKK'000	Remuneration of Management 2022/23 DKK'000
Executive Board	7,650	6,933
Board of Directors	53	50
	7,703	**6,983**

5 Depreciation, amortisation and impairment losses

	2023/24 DKK'000	2022/23 DKK'000
Amortisation of intangible assets	11,142	14,122
Depreciation of property, plant and equipment	10,769	9,908
	21,911	**24,030**

6 Other financial income

	2023/24 DKK'000	2022/23 DKK'000
Financial income from group enterprises	636	332
Other interest income	687	97
Other financial income	2	0
	1,325	**429**

7 Other financial expenses

	2023/24 DKK'000	2022/23 DKK'000
Other interest expenses	7	4
Other financial expenses	747	1,858
	754	**1,862**

8 Tax on profit/loss for the year

	2023/24 DKK'000	2022/23 DKK'000
Current tax	20,967	26,651
Change in deferred tax	1,139	(1,917)
	22,106	**24,734**

9 Proposed distribution of profit and loss

	2023/24 DKK'000	2022/23 DKK'000
Ordinary dividend for the financial year	130,500	59,700
Retained earnings	(46,179)	35,057
	84,321	**94,757**

10 Intangible assets

	Completed development projects DKK'000	Acquired patents DKK'000	Development projects in progress DKK'000
Cost beginning of year	169,009	2,607	10,126
Transfers	23	0	(23)
Additions	0	0	12,267
Cost end of year	**169,032**	**2,607**	**22,370**
Amortisation and impairment losses beginning of year	(151,370)	(1,586)	0
Amortisation for the year	(10,881)	(261)	0
Amortisation and impairment losses end of year	**(162,251)**	**(1,847)**	**0**
Carrying amount end of year	**6,781**	**760**	**22,370**

11 Development projects

The Company's development projects relate to development of new products to be used in industrial applications and control systems within the process industry, among others. Development of new products is made on the basis of an identified market need, a commercial long-term need for new technology or an identified need for production optimisation. All projects are assessed on the basis of a business case before they are initiated. Development projects are recognised in the balance sheet when it is assessed that the products derived from the project will yield a future financial benefit. The projects and their values are assessed on a continuous basis, and no indication of impairment of the carrying amount is found to exist.

12 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	96,004	93,883	17,146
Additions	0	9,077	2,330
Disposals	0	(14)	0
Cost end of year	**96,004**	**102,946**	**19,476**
Depreciation and impairment losses beginning of year	(29,038)	(65,915)	(15,260)
Depreciation for the year	(1,697)	(8,087)	(985)
Reversal regarding disposals	0	14	0
Depreciation and impairment losses end of year	**(30,735)**	**(73,988)**	**(16,245)**
Carrying amount end of year	**65,269**	**28,958**	**3,231**

13 Financial assets

	Investments in group enterprises DKK'000	Deposits DKK'000
Cost beginning of year	57,141	23
Additions	4,469	98
Disposals	(149)	0
Cost end of year	**61,461**	**121**
Impairment losses beginning of year	(20,903)	0
Exchange rate adjustments	465	0
Share of profit/loss for the year	4,995	0
Dividend	(1,200)	0
Investments with negative equity value depreciated over receivables	118	0
Reversal regarding disposals	150	0
Impairment losses end of year	**(16,375)**	**0**
Carrying amount end of year	**45,086**	**121**

Fixed asset investment other than investment in group enterprises consist primarily of deposits on leases (other receivables).

14 Prepayments

Prepayments cover substantially prepaid insurance, licenses, lease payments etc.

15 Deferred tax

Changes during the year	2023/24 DKK'000	2022/23 DKK'000
Beginning of year	14,496	16,413
Recognised in the income statement	1,139	(1,917)
End of year	**15,635**	**14,496**

16 Non-current liabilities other than provisions

	Due within 12 months 2023/24 DKK'000	Due within 12 months 2022/23 DKK'000	Due after more than 12 months 2023/24 DKK'000	Outstanding after 5 years 2023/24 DKK'000
Mortgage debt	1,742	1,745	7,392	873
	1,742	**1,745**	**7,392**	**873**

17 Other payables

	2023/24 DKK'000	2022/23 DKK'000
VAT and duties	4,466	6,060
Wages and salaries, personal income taxes, social security costs, etc payable	8,803	8,227
Other costs payable	2,155	1,627
	15,424	**15,914**

18 Deferred income

Deferred income cover prepaid rental.

19 Unrecognised rental and lease commitments

The company have entered into a number of operating leases. The leases have an average remaining term of 18 months and a total residuel lease payment of DKK 2,404k (2022/23: DKK 2,736k).

20 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where PR Electronics Group Holdings ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

21 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
PR Electronics Group Holdings ApS, Lerbakken 10, 8410 Rønde, CVR-nr.: 43952277.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
PR Electronics Group ApS, Lerbakken 10, 8410 Rønde, CVR-nr.: 43648942.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these financial statements are consistent with those applied last year, but with a few reclassifications in the presentation of the annual report in the comparative figures.

Consolidated financial statements
Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised in other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in the reserve for fair value adjustments of hedging instruments in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Costs of raw materials and consumables
Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and normal writedowns of the relevant inventories.

Other external expenses
Other external expenses include expenses of distribution, sales, advertising, administration, premises, bad debts, etc.

Other external expenses also include development costs settled (including license) for the use of the right to market products.

Staff costs
Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.
The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid taxes.

Deferred tax is recognised and measured according to the balance-sheet liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with refund concerning tax losses).

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line bases over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset’s fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Buildings	50 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments
Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax receivable or payable
Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement
Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of PR Electronics Group Holdings ApS, Business Reg. No. 43952277.